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INTERNATIONAL
Herald Tribune

Published With The New York Times and The Washington Post

No. 32,889 47/88

PARIS, MONDAY, NOVEMBER 21, 1988

ESTABLISHED 1887

Thais' Flowering Democracy: Harbinger in Southeast Asia?

By Michael Richardson
International Herald Tribune

BANGKOK — Under a recently elected government that is grappling with the problems of a booming economy, Thailand has become what political analysts say they see as a test case in Southeast Asia of whether increased Western-style democracy is compatible with sound economic growth in a developing country.

While the governments of Singapore, Malaysia and Indonesia have said that constraints on personal liberties are needed to promote social cohesion and economic progress, Thailand in the last decade has managed to combine increased individual freedom with impressive economic dynamism.

expanded and diversified away from an agricultural base so impressively in the last decade that it has frequently been held up as a model of export-oriented free enterprise.

Egypt, After Hesitating for Days, Recognizes New Palestinian State

By Alan Cowell
New York Times Service

CAIRO — After days of hesitation, Egypt, the only Arab country at peace with Israel, announced Sunday that it had formally recognized the nominally independent state declared in Israeli-occupied territories by the Palestine Liberation Organization last week.

formal recognition, officials said, in the hope that Egypt might play a broker's role between the Israelis and the Palestinians in any new peace drive.

Foreign Minister Shimon Peres of Israel said last week that Egypt's recognition of the declared state would jeopardize the 1978 Camp David accords that led to Egypt's peace with Israel a year later.

Kiosk Afghan Plane Hit by Mistake

PESHAWAR, Pakistan (UPI) — Pakistani troops shot down "by mistake" an Afghan military transport plane that had strayed across the border, killing all 34 people on board, an official said Sunday.

Officials in North-West Frontier Province in Pakistan said the plane had flown at low altitude across the border on Saturday. They said the plane had started back toward Afghanistan when Pakistani anti-aircraft units opened fire, hitting the aircraft, which crashed into mountains near the border.

"That statement was an extraordinary study in balance and sophisticated language," said Gaila Golan, a professor at Hebrew University of Jerusalem and a specialist in Soviet Middle East policy.

Monday Q&A



Sir David Wilson says Hong Kong is taking "close interest" in EC plans for a unified market. Page 2.

General News

George Bush is planning a hands-on presidency. Page 3.
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Euromarkets, leaner and sicker, reach record levels. Page 9.



Followers of Benazir Bhutto in Rawalpindi on Sunday holding up a photo of her father while hailing a provincial election result.

Pakistan Government Talks Set Tuesday

Compiled by Our Staff From Dispatches

ISLAMABAD, Pakistan — Acting President Ghulam Ishaq Khan invited Benazir Bhutto and her main rival, Mian Nawaz Sharif, on Sunday to confer with him separately Tuesday on forming a government.

In parliamentary elections Wednesday, no party gained a majority of seats. Both Miss Bhutto and Mr. Sharif, leader of the Islamic Democratic Alliance, asserted the right to form a government.

Miss Bhutto had hoped the results Saturday would provide further evidence of the popularity of her party, but it was not immediately clear whether the results would weaken or strengthen her hand in bargaining for support from other factions, which she needs to secure a majority in the national parliament.

day from Miss Bhutto's home province, Sind, in the South showed her party obtained 67 seats to only one for the Islamic Democratic Alliance. Thirty-two seats went to smaller groups.

Polls Show Mulroney's Party Regaining the Lead

By Herbert H. Denton
Washington Post Service

TORONTO — Two public-opinion polls published Saturday show Prime Minister Brian Mulroney's Progressive Conservative Party back in the lead in the Canadian political campaign.

In general terms, the agreement would remove virtually all hindrances to the flow of goods between Canada and the United States in the next decade.

separate, opposing political advertisements in the Toronto Globe and Mail. Among those contending that the deal would "irrevocably damage the Canada we care about" were the authors Robertson Davies, Margaret Atwood and Farley Mowat, the actress Margot Kidder and the singer Gordon Lightfoot.

The advertisement supporting the pact proclaimed "We are not fragile" and carried the names of the writers Mordcai Richler and Morley Callaghan and the painters Alex Colville and Christopher Pratt.



Prime Minister Brian Mulroney greeting supporters Sunday in Louiseville, Quebec.

Extended Families: Tie That Binds, and Constricts, African Societies

By Blaine Harden
Washington Post Service

DAWU, Ghana — Kwasi Oduro, the only member of his family with a university degree and a government job in the capital, is needed here at home.

It was a bittersweet, expensive and emotionally draining homecoming of a sort that is replayed millions of times every weekend across this continent as the African extended family recalls its own.

boiling over into civil war, family loyalty operates on a smaller, more intimate stage — one populated exclusively by blood relatives.

When Mr. Oduro goes home he does not bring along his city-bred children; the village water gives them diarrhea, and village cousins steal their food.

WORLD BRIEFS

Hong Kong Takes a 'Close Interest' in EC's Plans for 1992

The governor of Hong Kong, Sir David Wilson, visited West Germany, France and Belgium recently to discuss trade and political issues with European leaders. Later, he responded to questions about the trip from Julie Sell of the International Herald Tribune.

Q. The percentage of Hong Kong's exports to the United States has fallen in recent years, while the percentage to Europe has increased. What has prompted this shift? A. The decline in domestic exports to the United States (44 percent in 1984 to 33 percent now) is mainly due to market forces, including the opening up of markets by China and Japan and the depreciation of the U.S. dollar.

MONDAY Q&A

Q. Which European nations are best represented in Hong Kong in terms of trade and investment? Which nations are lagging behind? A. Britain, the Netherlands and Switzerland are the largest European sources

Q. You have cautioned against the threat of bilateralism to world trade. Were your comments directed primarily at Europe as it moves toward creation of a single market in 1992? A. We have always been strong believers in multilateral free trade. We are the classic example of a free-trade territory and of the success of that policy.

Q. Two events have had major effects on confidence in Hong Kong: the scheduled transfer to Chinese sovereignty in 1997, which has prompted many professionals to emigrate; and problems at the Hong Kong Stock Exchange, which has been plagued by corruption scandals since the global stock collapse last year. Why should people have confidence in the territory's future? A. I see continuing economic success as fundamental to Hong Kong's future. It will encourage people to invest in the territory and to live and work here if they have emigrated.

Q. Aside from voicing sympathy with Hong Kong over the problem of Vietnamese refugees, did European officials offer any assistance to alleviate the problem? A. The officials I met in all three countries agreed to look sympathetically at the case I put to them for the resettlement of Vietnamese refugees in Hong Kong who have close family links in their countries.

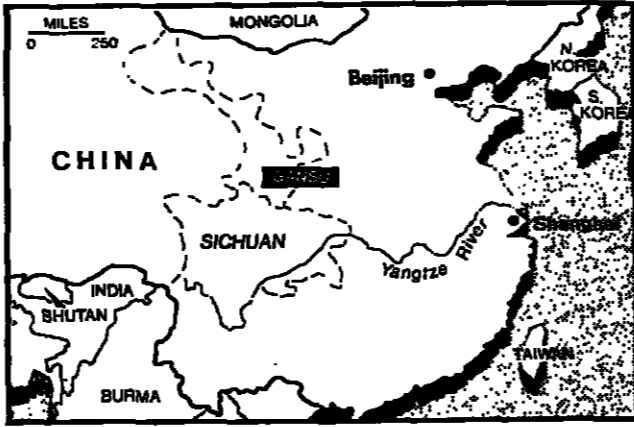
Beyond the Rich China Coast

Prosperity Fails to Trickle Down to Millions Inland

By Daniel Southerland
TIANZHANG VILLAGE, China — For Wei Zhui, 51, and his elder brother, water has meant everything. They once lived in a village in Gansu Province where in 9 years out of 10, the harvest failed for lack of rainfall. They had to travel five miles on donkeys to get well water, and to stave off starvation they often ate a bitter-tasting weed that grew wild in the region.

adequate food and clothing and need food aid to survive. Soon after Deng Xiaoping took power as China's leader 10 years ago, he began the economic changes by breaking up communes and giving farmers the power to make many of their own decisions. The increased autonomy led to a rise in living standards for many, but inequalities also grew, as some farmers prospered and others did not.

standards well below those enjoyed by Chinese in the wealthier provinces. In Guangdong, China's richest province, people feast on delicacies such as eel and crab and live in three-story brick houses. In Gansu, success can mean living in mud-brick homes and eating meat a few times a month.



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small, rural industries. In Jingyuan County, north of Lanzhou, officials said they hoped to eliminate poverty within three years by developing industries, promoting water conservation, and inducing 39,000 people to move to newly irrigated lands or to other provinces.

with the rich in Guangdong, but with a famine 61 years ago. "I was 14 years old," he said. "My father died in 1929, when he was just 39 years old. He couldn't pay the money he borrowed from the landlord."

Gorbachev Urges UN To Act on Afghan Rule

By Richard M. Weintraub
NEW DELHI — Mikhail S. Gorbachev on Sunday urged Secretary-General Javier Perez de Cuellar, on Sunday to move quickly to try to win agreement among the parties in Afghanistan on a future government.

In a joint statement with the Indian prime minister, Rajiv Gandhi, at the close of a three-day visit to New Delhi, the Soviet President said that Mr. Perez de Cuellar should move "without delay" to follow up on the recent General Assembly resolution that "emphasizes the need for an intra-Afghan dialogue for the establishment of a broad-based government."

Walesa Doubtful on Future Talks

WARSAW (Reuters) — Lech Walesa said Sunday that after two meetings with the interior minister, General Czeslaw Kiszczak, there was no prospect of negotiations with the government.

Former Rebel Unit Wins in Sri Lanka

COLOMBO (UPI) — The Election Commission said that returns from Northeast Province council elections gave a former rebel group that backed the Indian-Sri Lankan peace plan — the Eelam People's Revolutionary Liberation Front — more than two-thirds of the province's 71 seats.

Hungary to Name a Prime Minister

BUDAPEST (Reuters) — Hungary will choose a new prime minister to replace Karoly Grosz this week, and its parliament will meet to endorse the choice and to approve a corporation tax law and an economic plan prescribing more belt-tightening and unemployment.

France May Drop Ariane Spy Charge

ROUEN, France (Reuters) — The French government has decided to drop charges against the remaining three persons accused in March 1987 of spying on Western Europe's Ariane space rocket for the Soviet Union, legal sources said Sunday.

Missile Hits Sudan Minister's Plane

KHARTOUM, Sudan (Reuters) — Defense Minister Abdel-Magid Hamed Khalil, whose plane was hit by a rebel-fired missile in southern Sudan, was reported on Sunday as saying that he remained committed to peace.

For the Record

Captain Frederick H. Michaels Jr., commander of the U.S. destroyer, Towers, has been relieved of his command less than two weeks after shells fired from the ship came close to hitting a Japanese vessel. (AP)

TRAVEL UPDATE

Air Control Review Ordered in U.S. WASHINGTON (NYT) — Saying he was "deeply disturbed" by the mistakes made in handling a jetliner carrying President Ronald Reagan on a flight to Newark, New Jersey, in October, Transportation Secretary James H. Burnley Jr. has ordered the Federal Aviation Administration to conduct a review of its traffic control system in the Northeast.

Athens Taxi Drivers Call Off Strikes

ATHENS (AP) — The 17,000 taxi drivers in the Greek capital have agreed to cease striking for seven months in exchange for a change in the government's anti-pollution measures. A series of taxi strikes have plagued Athens for 11 months.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

TUESDAY: Lebanon. WEDNESDAY: India, Japan, Sri Lanka. THURSDAY: United States, Zaire. FRIDAY: Pakistan, Suriname.

Source: Morgan Guaranty Trust Co., Reuters.

Thatcher Is Said to Oppose Royal Visit to the Kremlin

LONDON — Prime Minister Margaret Thatcher would probably advise Queen Elizabeth II against accepting any invitation to visit Moscow, British newspapers said Sunday.

SOVIET: A Balance in Mideast

(Continued from page 1)

The Soviet Union has now put Moscow in a position to be a crucial player in any future Middle East settlement.

In December, he will meet with President-elect George Bush, and U.S. analysts in Moscow say they expect that Mr. Gorbachev will take credit for pushing the PLO into a more moderate position.

Mr. Gorbachev's second visit here in two years, but it came at a time of shifting policies between the major countries of Asia.

For almost 25 years, India has emphasized its relationship with Moscow as a counterweight to China, with which it has continuing border disputes stemming from the 1962 Chinese-Indian war.

But as part of his new Asia policy, Mr. Gorbachev is moving swiftly to try to revive close ties between Moscow and Beijing. On Saturday he urged India to do the same, saying this was the path to greater cooperation in Asia.

The nuclear agreement signed Sunday calls for the construction on a nuclear basis of a power station in southern India consisting of two 1,000-megawatt reactors.

According to outlines made public, the agreement indicates that India has agreed to strict Soviet controls over nuclear fuels.

Moscow insists on strict adherence to international nuclear agreements and India so far has refused to sign the Nuclear Nonproliferation Treaty.

The accord apparently includes mutually agreed limits on a minimum quantity of nuclear fuel and control assemblies, and a requirement that spent fuel be returned to the Soviet Union.

The nuclear units are of a design different from the graphite reactor that was involved in the Chernobyl nuclear accident.

East Germans Ban Soviet Magazine

BERLIN — East Germany has banned the distribution of a Soviet magazine, saying the monthly publication "contained articles that distorted history," the official press reported. The Soviet Embassy in East Berlin refused comment.

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THE MILLENNIUM WATCH. DISTINCTIVELY DUNHILL.

Advertisement for Dunhill Millennium Watch. Includes image of a watch and contact information for Alfred Dunhill in London, Paris, Düsseldorf, Munich.

Advertisement for Thanksgiving at FAUCHON. Includes address: 26, place de la Madeleine 75008 PARIS. Phone: 47. 42. 60. 11.

INTERNATIONAL Herald Tribune

A Different Pakistan

Pakistan is the latest country where military rulers have sponsored fair democratic elections to elect a civilian government. It is one of the more exciting global political developments of the 1980s...

PLO: Clearly Unclear

Why was the response in the West so lukewarm to the Algerian declarations adopted last week by the Palestine Liberation Organization? The PLO did in fact move forward in endorsing United Nations resolutions 242 and 338...

Koreans Want the Truth

Democracy is at work in South Korea in the most strenuous way. The opposition now controls the legislature and with it a new investigative capacity, which is using to probe the suspected Jewish misdeeds of its old nemesis, former President Chun Doo Hwan.

Other Comment

Who Watched the Money?

When George Bush was proclaiming his government's love of the Marcos leadership seven years ago, did Washington know nothing of the many reports of wealth accumulating in Malacañang? Of course it knew about them, and, thanks to the CIA, probably knew a hell of a lot more besides.

OPINION Needed: A Cooperative Cure for Hangover

A Democrat Who Could Win in '92

By Flora Lewis

PARIS — Even the winners have lost. Fifteen years after the explosion of oil prices in 1973, the price of petroleum in real terms is not a lot higher than it was just before.

ic average of about 10 percent which masks much higher figures in some countries, notably Spain. Decline of some industries was inevitable, but the rate that made it so hard to absorb was aggravated by the oil crisis.

Extensive studies are needed on economic costs that must be included in development plans to assure environmental protection.

overall scheme for a reasonably expanding balance to meet the world's needs. Bumping through has been possible because those responsible did come something from the Depression about the wages of economic war.

The country most devastated was the one most eager to raise and raise the golden stream — Iran. Other factors contributed, but it was above all the frenzy brought by so much oil money that provoked the Iranian revolution.

Partly because of the distortions in both rich and poor countries, partly as well because the idea was never acceptable to most people, the proposal of zero growth as a way to make the world cleaner and happier was soon dumped.

Fight Racism From Both Sides of the Color Line

By Mosiuoa Lekota

PRETORIA — I reject the approach of those of our countrymen who would refuse white South Africans the right to join in the national effort to eliminate apartheid.

This article is adapted from notes surreptitiously written in prison. The writer is publicly secretary of the United Democratic Front, a coalition that advocates a democratic, nonracial South Africa. Convicted of treason on Friday, he is awaiting sentencing.

It seems to suggest that whites must be rejected for being white. It fails to realize that racism knows no racial bounds and that just as the ruling National Party taught racism on its upward march, so, too, can our own black organizations turn into racist monsters of the future.

Black consciousness is a demand for the recognition of the humanity of blacks. It is not a demand for the denial of the humanity of whites. What it says is this: that in a world in which the humanity of whites is already acknowledged and even exaggerated to the level of an icon, blacks' humanity must also be rediscovered and raised to acceptable levels.

There are two forms of black consciousness. For those who understand it as a simple demand for the recognition of black humanity, and to help with the humanity of whites, practice will assume one form. For those of us who seek the humanization of blacks while preserving that of our white counterparts, practice will be another form — education and training in coexistence and mutual respect.

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Why has this happened? Unquestionably because the Democratic Party has become associated in the public mind with blacks — partly because blacks have been voting heavily Democratic (this year from 83 to 91 percent in the regions cited above); partly because the Democrats in their eight years of presidential power since 1964 sponsored most of the programs that many whites think benefit blacks disproportionately; and partly because of recent campaign phenomena like Jesse Jackson's high visibility in the Democratic Party and Willie Horton's in this year's Republican television appeals.

As the world moves on to a surprising new period, the notion of security must include economic relations.

The New York Times.

Michael Dukakis would have lost the 1988 election in any case, because peace, prosperity and patriotism — all embodied in Ronald Reagan — were working for Mr. Bush. But white flight into the Republican Party, in all regions of the country but most spectacularly in the South, will be a palpable, continuing, virtually fatal problem for the Democrats as far ahead as a poll-taker can see.

This is not racism in a sheet and a hood; it is race consciousness in a white as well as a blue collar. It is the dominant, underlying fact of modern national elections, year after year. Republicans who deny that they exploit it are disingenuous; Democrats who pretend that they can win any way are whitewashing past the greyward.

What's to be done? The Democrats cannot and should not deny their past. They cannot fabricate some party "message" that will gloss over the problem. Nor can they win with easy symbols like a national convention in Scarlett O'Hara's hometown, or even a Southerner to balance their ticket.

Only an exceptional presidential candidate can bring white Americans back to the Democratic Party in sufficient numbers to give them a chance to win national elections, while at the same time retaining high levels of black support. With all due respect to Michael Dukakis and his late-bloomer campaign, he was never the candidate who could do it.

On the one hand, and however he tried to duck it, he was a Massachusetts liberal whose career was redolent of Harvard, social programs and benefits for the disadvantaged — scarcely the man to appeal to white Democrats who had flocked to Ronald Reagan. On the other hand, he had no close associations with blacks and had won nomination in lengthy competition with Mr. Jackson.

When Mr. Dukakis spoke early in his campaign at Philadelphia, Mississippi, without mentioning the names of three civil rights workers murdered there a quarter century ago, it was clear that his campaign appeal would not be to blacks or liberals. But in the light of his own and his party's history, he still was not, and never became, believable to Reagan Democrats, or to enough whites, as a potential president who would have their perceived interests equally at heart. Mr. Bush, in contrast, was a suspect candidate in June but established by September a satisfactory identity as Mr. Reagan's surrogate, and no wimp after all.

It is commonplace now to say that Lloyd Bentsen might have won had he been at the head of the Democratic ticket. So Senator Bentsen might have, fundamentally because in his Texas experience he had established rapport and built confidence in himself within the black community, while as a senator his moderate record and moderate manner had not identified him to whites as a social or fiscal radical intent on upsetting the order of things — particularly the racial order.

Senator Bentsen himself may be too old for consideration in 1992, but he represents reasonably well the kind of nominee the Democrats need, if they are to compete again at the national level. Such a candidate would not be an abandonment of liberalism but a practical means of regaining liberal access to presidential power, through liberal pressures within a president's party.

The New York Times.

Israel's Big Friend Is Committed to a Peace Policy

By Stephen S. Rosenfeld

WASHINGTON — George Bush is not yet in the Oval Office, but already it is clear that the Arab-Israeli problem is going to be ticking on his desk when he arrives.

Everything has been turned upside down. The next U.S. administration will face a Palestinian position that is still flawed but is headed the right way, and an Israeli position that is not just flawed but headed the wrong way; it entails an effective reneging on Israel's previous solemn national commitment to resolution 242.

In agreeing, at the request of hard-bargaining Israeli Labor negotiators in the 1970s, to demand solid evidence of a change of policy by the PLO, the United States meant to be working toward an eventual negotiation for peace. But here it is the late 1980s and the United States finds that the Likud government's real interest is to have the American policy toward the PLO fail, since success — meaning a PLO reconciled to Israel — undercuts the Likud program of annexation.

The United States has specific and general commitments to the survival and well-being of Israel, but no part of this anticipates or allows a partnership supporting a territorial expansion that one member of the partnership worked up entirely on its own and in contravention of its pledges to the other partner. This is not what Americans signed in the 1970s, and it is not what Americans signed up for when they took Israel under their protective wing long before that.

The PLO May Have Begun a New Phase

By Anthony Lewis

BOSTON — Last week's session of the PLO's National Council in Algiers could be the start of a new phase — a diplomatic-political phase — in the Middle East conflict. That potential arises from three factors:

1. A resolution, although it fell short of the necessary clear recognition of Israel, took significant steps toward a realistic negotiating posture. 2. Yasser Arafat, the PLO chairman, emerged in a strong personal position, able to clarify and advance the PLO stand if he seizes the opportunity. 3. The United States called the PNC resolution inadequate but encouraged further steps by speaking of "positive elements." The implied undertaking was that the United States would begin a dialogue with the PLO if those steps were taken.

The Algiers meeting was more open and publicized than any previous PNC session. Decisions were by majority vote, instead of by the crippling rule of consensus, and the losses did not walk out. The press was in large numbers, interviewing delegations of sharply differing views.

The public mood outside expectations that the council would unambiguously recognize Israel. In the event, its statement was a patchwork of phrases more and less murky. Nevertheless, American specialists on the Middle East saw meaningful signals in it:

• The PNC statement spoke of UN resolution 242 as a basis for negotiation. Resolution 242 calls on Israel to withdraw from occupied territory to "secure and recognized" boundaries — which means recognition.

• The statement did not forswear terrorism in all circumstances, but it avoided such phrases as "armed struggle" and gave overwhelming emphasis

100, 75 AND 50 YEARS AGO

1888: Slavery Warning

ZANZIBAR — The British Consul-General has issued a stringent proclamation warning British subjects of the penalties incurred by making illegal contracts with slave owners for the employment of slave labor. There exists, nevertheless, a great anomaly. The Belgian consul has just engaged 100 slaves for the Congo State directly from the slave owners who claimed and received half the wages obtained before permitting the emancipation. It is reported that the plan of blockade has been changed so as to include the whole of the coast.

1913: Indians Protest

BOMBAY — All classes in India are united in a passionate appeal for the intervention of the Imperial Government in the Indian question in South Africa, and even the Indian women are holding a public meeting. The people say that the barbarous treatment meted out to the Indian strikers

1938: The Need for Jobs

NEW YORK — Mrs. Franklin D. Roosevelt today [Nov. 20] appealed to the New York branch of the American Association of University Women to avoid "fear" complexes and to use their trained minds in seeking solutions of national and world problems. It did no good, she said, merely to "fear" possible outbreaks of Fascism and Communism here and to try to club them out by force. Instead, the First Lady declared, women must seek to clear up such social evils as unemployment, which creates unrest and thus offer breeding grounds for foreign "isms."

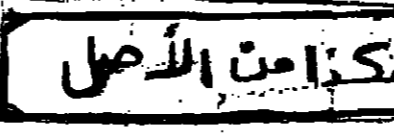
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INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1988-1992 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER, Co-Chairmen



AMERICAN TOPICS

Court Rules for Care, Not Prayer, in Illness

The California Supreme Court has ruled that a member of the Christian Science church can be proscribed in the death of her child because she provided only spiritual healing and not conventional medical care.

The case involved Laurie Lee Walker, who had been charged with involuntary manslaughter and child endangerment when her 4-year-old daughter, Shaunsay, died on March 19, 1984 of meningitis after a 17-day illness.

The California court stated that although the U.S. and California constitutions protected religious belief absolutely, both allowed restriction of religiously motivated conduct for sufficiently grave reasons.

Parents have no right to the free exercise of religion at the price of a child's life, the court said.

Short Takes

The ashes of Joe Hill, the legendary labor leader, are being

presented by the National Archives to his union, the Industrial Workers of the World, which now has its headquarters in Chicago.

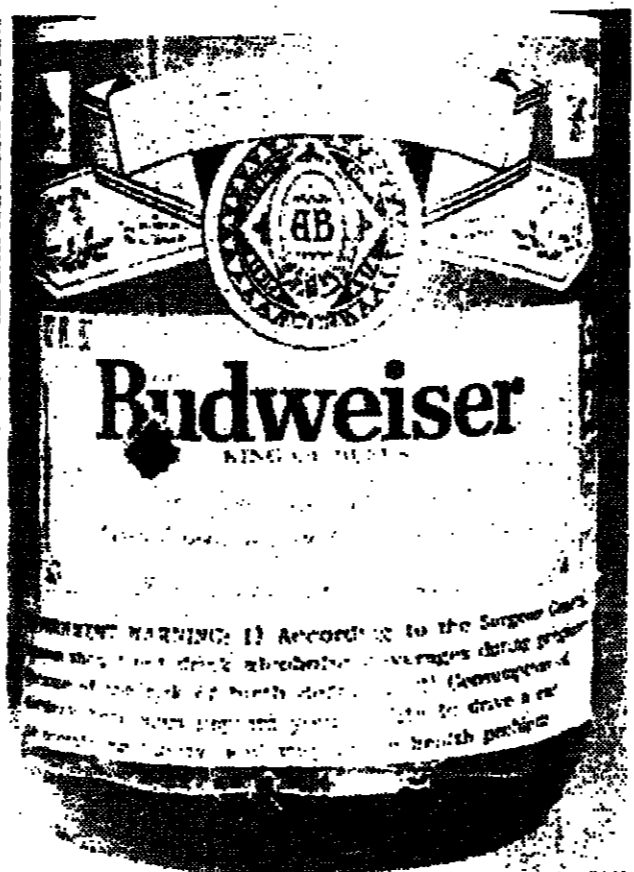
An unmanned 21-foot (6.4-meter) radio-controlled submarine apparently being used by drug smugglers has been found off Boca Raton, Florida.

A composer was accused of plagiarizing himself, but a federal district jury in San Francisco found otherwise.

The army bugler who botched the sixth note of "Taps" 25 years ago at President John F. Kennedy's funeral at Arlington National Cemetery in Virginia has not forgotten it.

Parents have no right to the free exercise of religion at the price of a child's life, the court said.

The ashes of Joe Hill, the legendary labor leader, are being



TROUBLE BREWING — Under a new U.S. law, all containers of alcoholic beverages now must bear labels warning of the risks that alcohol poses to drivers and to pregnant women.

note was widely believed to have been intentional, a nipple of sadness.

Notes About People

Madonna Louise Veronica Ciccone, the rock star known professionally as Madonna, got mixed reviews for her Broadway debut in David Mamet's "Speed-the-Plow."

Arthur Higbee

Pretoria's Assent to Peace Pact Expected

By Christopher S. Wren

JOHANNESBURG — Although South Africa says publicly that it is still studying the detailed plan for regional peace in southern Africa that Angola and Cuba have approved, there were indications over the weekend that the Pretoria government was likely to give its assent.

At his headquarters at Jamba in southeastern Angola, Jonas Savimbi, leader of the National Union for the Total Independence of Angola, said Saturday that South Africa's president, Pieter W. Botha, had invited him to visit Wednesday to discuss the peace proposals, presumably including the timetable for troop withdrawal.

UNITA, which has been fighting the Marxist government since Angola won independence from Portugal in 1975, has been excluded from the negotiations at the behest of the Angolans and the Cubans.

has received aid from South Africa and from the United States.

The plan, which the three countries agreed to in Geneva on Tuesday at the latest round of talks brokered by the United States, links independence for the South African-administered territory of South-West Africa, or Namibia, to the pullout of about 50,000 Cuban troops from neighboring Angola.

The negotiations had stalled over a timetable for the Cuban withdrawal until Tuesday, when the negotiators announced that an agreement had been reached.

American diplomats in Geneva and reports Friday quoting diplomats in Havana said that Cuba had agreed to a withdrawal over 27 months.

If so, this is a compromise, since South Africa wanted the troops out within two years, and Cuba said it could not withdraw them in less than two and a half years.

The details of the related negotiating obstacles have yet to be disclosed, including the pace of the Cuban withdrawal and the repositioning of the Cuban troops farther from the border of Namibia.

In a brief statement, Foreign Minister R. F. Botha said the South African cabinet was giving the peace proposals its consideration.

He said the cabinet would advise the chief U.S. negotiator, Chester A. Crocker, an assistant secretary of state, of its decision "during the course of next week."

The cabinet was also expected to discuss the pivotal matter of the timetable for the Cuban withdrawal. If approved, this could open the way to South African endorsement of the regional plan.

If South Africa endorses the regional plan, it would be signed by all four parties at another meeting, probably in the Congo capital, Brazzaville.

South Africa has administered Namibia despite demands by the United Nations that it yield control of the former German colony.

After a basic agreement was announced in New York in July, linking Namibian independence to a Cuban withdrawal, South Africa said it would be prepared to start the transition to independence on Nov. 1 if Cuba kept its part of the

bargain. When that date passed, South African officials began talking about Jan. 1.

That date now looks unlikely. Martti Ahtisaari, the Finnish diplomat who is the UN special representative for South-West Africa, estimated earlier last week that it would take six to eight weeks to put into effect Security Council Resolution 435 of 1978. That resolution contains a plan for the transition of the territory to statehood.

The United Nations expects to send more than 9,000 soldiers, police officers and civilian specialists to keep peace and supervise elections.

Mr. Savimbi said Saturday that his guerrillas were respecting an informal agreement with the Cubans not to attack each other.

Mr. Savimbi also said that President-elect George Bush had given assurances since his election that U.S. aid would continue until the Cubans had left and the Soviet Union stopped supplying arms to the Angolan government. Such U.S. aid reportedly includes ground-to-air Stinger missiles.

PAKISTAN: Talks on Forming a New Government to Begin on Tuesday

(Continued from page 1)

muster slim majorities in sparsely populated Baluchistan and North-West Frontier Province.

In the parliamentary elections, Miss Bhutto's Party won 92 seats, 17 short of the 109 needed for a majority. Mr. Sharif's alliance obtained 55, and independents and small parties picked up 68. Two by-elections are pending.

Justice Minister Sajjad said that President Ishaq Khan, continuing

his consultations, would talk to Atal Bihari Vajpayee, leader of the Karach-based Mohajir National Movement, on Wednesday. The group, which won 13 assembly seats, holds considerable political influence.

The acting president is required to nominate a prime minister who is likely to win the support of a majority in the National Assembly.

Miss Bhutto, when informed of the proposed meeting with the president, in a telephone call by a

reporter to her Karachi home, said, "I will think about this."

She said earlier on Sunday at a news conference that she was confident she would form the next government, and she ruled out a power-sharing arrangement in a "national consensus" government.

(AP, Reuters)

India Hails Elections

NEW DELHI (Reuters) — The government congratulated Pakistan on Sunday for its democratic elections and said it looked forward to friendly relations with the new government.

"We have always been keen for the establishment of friendly and good-neighborly relations between India and Pakistan," a Foreign Ministry spokesman said.

"Accordingly," he said, "we look forward to working together with a popularly elected government for the speedy and complete normalization of Indo-Pakistan relations in our mutual interest."

The spokesman refused to say whether India preferred Miss Bhutto's party or Mr. Sharif's alliance. Pakistan and India have fought three wars since both countries gained independence from Britain in 1947.

Khomeini Rejects a Carter Letter on Ties to U.S.

The Associated Press

NICOSIA — The Iranian leader, Ayatollah Ruhollah Khomeini, responding to a letter from former President Jimmy Carter, has rejected any improvement in U.S.-Iran ties, Tehran radio said Saturday.

"Just as I have said before, the relationship of Iran and the United States is like the relationship of the wolf and the lamb, and between these two there can never be reconciliation," Ayatollah Khomeini said, according to the broadcast.

The report, monitored in Cyprus, said Ayatollah Khomeini also

issued a statement denying any connection between Iran and the hostages in Lebanon.

Mr. Carter told Ayatollah Khomeini that the release of U.S. hostages in Lebanon could remove one of the main obstacles to re-establishing Tehran-Washington ties, the radio reported Saturday.

A spokeswoman for Mr. Carter provided a statement from the former president. It read: "In my note, I was responding to an initiative from Iran. My purpose was to obtain the release of David Rabban, a friend of mine who has been im-

prisoned in Iran for almost nine years.

"My hope is that in the name of justice and humanity, Iran will use its influence to encourage the release of all American hostages by working through normal channels."

The spokeswoman, Carrie Harmon, said the full text of the letter would not be made public. Miss Harmon did not identify Mr. Rabban further, or say why he had been imprisoned.

The radio quoted Mr. Carter's letter as saying, "I hope that the

American hostages in Lebanon can be released as soon as possible; this act would remove one of the main hurdles in the re-establishment of friendly relations between Iran and the U.S."

Fourteen foreigners, including nine from the United States, are held by Lebanese Shiite groups believed loyal to Iran.

The letter, dated Oct. 30, was received by Ayatollah Khomeini's office, and Iranian experts have confirmed that the letter is in Mr. Carter's handwriting, the broadcast said.

FLYING TO THE USA NEEDN'T MEAN 'BUSINESS' AS USUAL. Advertisement for American Airlines featuring an image of a plane and a person in a suit. Text describes the Business Class experience, including plush seats, attentive service, and direct flights to major cities.

Democracy Who Could Win in '92 By Tom Wick... NEW YORK — A... reason why Democrats... have lost five of the... presidential elections... is that in these... landlubberly and... candidates — is that in these... contests Republican voters... have been very nearly white... On Nov. 8 in the Middle... of white voters but only... of blacks. In the South... 67 percent of the white... and 12 percent of blacks... he scored heavily with whites... and 54 percent.

50 YEARS AGO... would not be tolerated... a foreign country, and... anguish how the Crown... its own dominions. The... South Africa are in... whom 133,000 are... South African Union... ing dominion. The... ment has no authority... 1938: The Need... NEW YORK — Mrs. Roosevelt today... to the New York... American Association... Women to avoid... and to use their... seeking solutions... world problems. It... said, meted to... breaks of Fascism... here and to try to... force. Instead, the... clared, women must... such social evils as... which create... breeding grounds for...

Marchers In Kosovo Defy Chief Ethnic Albanians March a 4th Day

PRISTINA, Yugoslavia — Thousands of ethnic Albanians marched on Sunday through Pristina, the capital of Kosovo Province, defying warnings of a crackdown on the biggest wave of street demonstrations in the restive southern Serbian province since World War II.

The march Sunday, the fourth straight day of demonstrations set off by the forced resignation of two ethnic Albanian leaders last Thursday, started when about 500 chanting students braved a blizzard to march on the headquarters of the Communist Party in Kosovo. Waving Yugoslav flags and ethnic Albanian emblems, the crowd of mostly teen-aged demonstrators gathered to about 4,000 within two hours, roaming streets and gathering outside a student canteen and the party headquarters.

Security forces outside the building ordered the crowd to disperse. The order was at first ignored, but streets in the city center slowly emptied and were calm by 8 P.M. Up to 100,000 persons marched from dawn until midnight Friday to protest the resignations Thursday of Azem Vllasi and Kacusa Jazari, members of Kosovo's 13-member Politburo.

Slobodan Milosevic, the party chief of the Serbian Republic, who has strongly criticized the leadership of Kosovo, put what Mr. Vllasi called "terrific political pressure" on him and Mrs. Jazari to resign as part of his campaign for more control over the autonomous province. The province's acting party head, Remzija Koljigeci, tried to defuse the tension by announcing that the resignations might be reviewed and reversed. But he also warned that "extraordinary measures of security" could be introduced if demonstrations continued.



Serbs at a rally in Belgrade. The man at right wore a traditional Serbian hat while another held aloft a photograph of Slobodan Milosevic, the Serbian Communist Party leader, who spoke at the meeting.

DEFICIT: Bush Urged to Take Budget Action Soon

(Continued from page 1) On Nov. 8, Mr. Bush has repeatedly revised suggestions that taxes would have to be raised to narrow the deficit, which totaled \$155 billion in the year that ended Sept. 30. Mr. Kaufman, who heads his own Wall Street firm, also said he expected U.S. interest rates to continue climbing. "We're in very volatile financial markets and I would suspect that the irregular upward movement in interest rates that started this year certainly will continue," he said.

President Ronald Reagan is scheduled to submit his budget for the 1990 fiscal year, which begins on Oct. 1, in early January. While Mr. Bush will not be bound by those recommendations, Mr. Kaufman urged him to begin talking with Congress. Mr. Bush takes office on Jan. 20.

Jordanian Says PLO Did Its Part And Criticizes the U.S. and Israel

NEW YORK — King Hussein of Jordan said Sunday that the Palestine Liberation Organization had done its part toward building a lasting Middle East peace and that Israel and the United States were being intransigent. "I believe the PLO has gone as far as it was asked to go and has contributed its share toward a comprehensive and lasting peace," King Hussein said in a U.S. television interview.

PLO: Cairo Decides on Recognition

(Continued from page 1) Mr. Mubarak repeated Saturday that Cairo's attitude toward the PLO's declaration of independence was one of support. He did not mention recognition. An erroneous account of his comments by the official Middle East News Agency, suggesting recognition, was rapidly corrected. "The change shows that Egypt is susceptible to Arab pressure," a Western diplomat said.

THAI: A Turn Toward Western-Style Democracy for a Booming Economy

(Continued from page 1) growth will reach 8 or 9 percent this year. Much of the credit for this progress, analysts said, must go to Prem Tinsulanonda, a retired army commander who headed several partly elected, partly appointed governments for nearly eight and a half years.

Mr. Prem and his two predecessors did not belong to political parties and did not run in elections. They served as prime ministers under a constitution that does not require cabinet ministers to be members of the legislature. Mr. Prem, a Western diplomat said, used his military connections and his position as unelected head of government to bypass the National Assembly and give crucial economic decision-making power to qualified civilian bureaucrats.

But, the diplomat added, whether this approach to economic planning will continue now that control has passed from technocrats to political parties in the cabinet and the legislature is a key test for the new government. Surin Pitsuwan, a legislator whose Democrat Party is a member of the ruling coalition, said, "It is a period of trial and adjustment for our political institutions, the civil service and the military."

Mr. Chaichai, an experienced politician and shrewd conciliator, has not presented a coherent economic program, although he has said his government favors a stronger role for the private sector. Although many businessmen concede privately that the cabinet's recent approval of substantial increases in minimum wages are justified, they are concerned that the government will opt for populist policies and expanded public spending on questionable projects to keep itself in office.

Mr. Chaichai has said that the government's "most urgent task is to spread the increase in income that we have had to the rural areas." There are doubts, however, whether his coalition will be able to deliver on its promise. In a generally glowing report issued in October on prospects for

the Thai economy, the U.S. Embassy estimated that per capita income in the Bangkok area was about the equivalent of \$2,300, or close to the level for South Korea. But the embassy said the figure for other parts of Thailand could be "as low as \$300, although there is widespread agreement that the economic condition of the vast majority of the Thai population has improved considerably from a decade earlier."

A growing gap between rich and poor in Thailand, and between the wealth and amenities of Bangkok and other parts of the country, is only one of several problems spawned by rapid economic growth, analysts said. Thailand's main ports, roads, telecommunications and other business arteries are clogging up under the strain of excessive demand. There are acute shortages of skilled and professional labor, particularly engineers, technicians and mid-level managers.

Paron Issararasa na Ayutthaya, president of Siam Cement Co., Thailand's largest industrial conglomerate, predicted recently that economic growth would slow in 1989 because of congestion and higher interest rates. "Most foreign investors will find most opportunities in the country have already been filled," he said.

Mr. Surin said that because Thailand had become a more open, pluralistic society, the performance of the government was under close and critical scrutiny by labor groups, students, the press and intellectuals. But at present only two institutions could bring down the ruling coalition: the House of Representatives and the armed forces.

The accommodation between the government and the military, Mr. Surin cautioned, was an expedient alliance "based on the personal agenda of certain individuals." It was not, he added, "based on any democratic enlightenment or any adherence to the principle of civilian command" by the military.

Diplomats said that with the departure of Mr. Prem as prime minister, General Chaovavai Yongchaiyuth, the army commander and acting supreme commander of the armed forces, has emerged as the pre-eminent power broker in Thailand. General Chaovavai, 57, is widely seen as having ambitions to succeed Mr. Chaichai as prime minister, possibly as early as next year.

Thailand's main ports, roads, telecommunications and other business arteries are clogging up under the strain of excessive demand. There are acute shortages of skilled and professional labor, particularly engineers, technicians and mid-level managers.

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INTERNATIONAL POSITIONS You will find below a listing of job positions published last Thursday under the rubric International Positions. TABLE with columns: TITLE, SALARY, EMPLOYER. Includes positions like GENERAL MANAGER, MANAGER, HEAD OF MAJOR DONOR FUND RAISING, EXPORT SALES MANAGER.

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Vertical sidebar text and graphics. Includes '10%' graphic, 'and tell the operator you pay party in your country just complete and', and a table with columns for '6 months', '12 months', '24 months' and rows of numbers.

INTERNATIONAL CLASSIFIED (Continued from Back Page) ESCORTS & GUIDES. Multiple columns listing agencies like ARISTOCATS, CHELSEA ESCORT SERVICE, VIENNA EVELYN, *ZURICH *CAROLINE*, ZURICH SUSAN, *ZURICH*, DUESSELDORF KOEHN + ESSEN, MAYFAIR CLUB, CAPRICE-NYC, PRESTIGE, BELLA ESCORT SERVICE, *ZURICH 558720**.

Weekly International Bond Prices

Prudential Credit Corp's First Boston Securities, London, Tel.: 01 323 11 30

Nov. 17

Dollar Straights

Table of Dollar Straights with columns for Issuer, Con, Mat, Price, Yld, and Spd. Includes entries for Australia, Canada, and various international issuers.

Table of Dollar Straights (continued) with columns for Issuer, Con, Mat, Price, Yld, and Spd. Includes entries for France, Germany, and various international issuers.

Table of Dollar Straights (continued) with columns for Issuer, Con, Mat, Price, Yld, and Spd. Includes entries for Japan, Korea, and various international issuers.

Table of Dollar Straights (continued) with columns for Issuer, Con, Mat, Price, Yld, and Spd. Includes entries for the United Kingdom, Denmark, and various international issuers.

Table of Dollar Straights (continued) with columns for Issuer, Con, Mat, Price, Yld, and Spd. Includes entries for the United States, Mexico, and various international issuers.

Table of Dollar Straights (continued) with columns for Issuer, Con, Mat, Price, Yld, and Spd. Includes entries for various international issuers.

Table of Dollar Straights (continued) with columns for Issuer, Con, Mat, Price, Yld, and Spd. Includes entries for various international issuers.

Table of Dollar Straights (continued) with columns for Issuer, Con, Mat, Price, Yld, and Spd. Includes entries for various international issuers.

Mutual Funds

Table of Mutual Funds with columns for Fund Name, Share Price, and other details. Includes various domestic and international funds.

Table of Mutual Funds (continued) with columns for Fund Name, Share Price, and other details. Includes various domestic and international funds.

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Dollar Zero Coupons

Table of Dollar Zero Coupons with columns for Issuer, Con, Mat, Price, Yld, and Spd. Includes various international issuers.

DM Zero Coupons

Table of DM Zero Coupons with columns for Issuer, Con, Mat, Price, Yld, and Spd. Includes various international issuers.

ECU Straights

Table of ECU Straights with columns for Issuer, Con, Mat, Price, Yld, and Spd. Includes various international issuers.

DM Straights

Table of DM Straights with columns for Issuer, Con, Mat, Price, Yld, and Spd. Includes various international issuers.

United Kingdom

Table of United Kingdom bonds with columns for Issuer, Con, Mat, Price, Yld, and Spd. Includes various UK government and corporate bonds.

United States

Table of United States bonds with columns for Issuer, Con, Mat, Price, Yld, and Spd. Includes various US government and corporate bonds.

Non-Eurozone

Table of Non-Eurozone bonds with columns for Issuer, Con, Mat, Price, Yld, and Spd. Includes various international bonds.

Yen Straights

Table of Yen Straights with columns for Issuer, Con, Mat, Price, Yld, and Spd. Includes various international bonds.

WestLB advertisement featuring the text 'Fixed Income and Equities Trading - for dealing prices call:' and contact information for WestLB in various international locations including Düsseldorf, London, Luxembourg, and Hong Kong.

Handwritten text at the bottom of the page, possibly a signature or note.

Euromarkets: Leaner and Saner

Search for Profits Dominates Thriving Post-Crash Scene

By Carl Gewirtz

PARIS — Leaner, after the first mass staff firings that the Euromarket has ever experienced, and saner, as the search for profits replaces unbridled competition for position, the international capital and credit markets are headed for a record year.

For the first nine months, the latest period for which complete data is available, the volume of borrowing totaled \$337 billion, topping by 14 percent the previous record in the comparable period a year ago.

Excluding foreign bonds, notably Swiss franc issues, this year's gain is 12 percent at \$301 billion.

The driving force behind this remarkable recovery in the months following the October 1987 crash, a force that is in fact reshaping every major aspect of the international market, is the expanding swap market.

Swaps are financial engineering that enable borrowers to exchange their public issues — which are selected simply on the basis of the available arbitrage opportunities — into the desired end-product, which can be a different currency as well as a different instrument, a floating rate liability instead of a fixed coupon.

The swap market is opaque. There is no data on how many international bond issues are accompanied by a swap, although the consensus among leading investment bankers is that certainly more than half of the new issues are so linked.

Not in there any comprehensive information on the booming market in private placements. Bankers estimate that the annual volume is easily in the tens of billions of dollars. This business is reported to generate substantial profits due to the fact that these transactions are typically very large and highly engineered, meaning that they are far more complicated than a simple swap from fixed to floating rate or from one currency to another.

Overall, there is no way to measure how profitable the swap business is for the banks that arrange them.

Without putting numbers on it, bankers privately say that the necessary infrastructure in computers and the number of financial wizards to manipulate the input are very large. But,

they add, so are the profits. The enormous growth of the business to a market size exceeding \$1 trillion would appear to substantiate that.

A rough estimate of the size of the market is about the only real information that is made public. At the end of last year, the latest period for which data is available, there were \$890 billion worth of interest rate swaps outstanding and \$220 billion of currency swaps, the International Swap Dealers Association reports.

Swaps, to be sure, are not new. They have been around for about five years. But over time

The recovery is fueled by the swap market.

it becomes increasingly evident that, as the volume of business expands dramatically, it also is fundamentally altering the structure of the Euromarket.

Their impact began to be felt in 1987. By opening the possibility of swapping fixed-rate obligations into floating rate liabilities at terms much lower than could be achieved in the public market, the swap market sent the floating rate note sector of the Eurobond market into eclipse.

This year's nine-month volume of \$15 billion in new FRNs, although double last year's pace, is a mere shadow of the \$51 billion annual volume recorded in 1986. This year's recovery reflects more realistic pricing, with interest ranging upward from 1/4-point over the London interbank offered rate. But in the swap market, borrowers can expect to raise floating rate money at a cost of some 40 basis points below Libor.

Apart from killing the FRN market, the

Continued on page 12

Eurobond Issues Head for Record

By Linda Keslar

NEW YORK — There are a lot of smirks in the Euromarkets these days, mostly on the faces of investment bankers who were prepared for the worst and, instead, are seeing the best.

"People pronounced the Eurobond market in its death throes," said Alan Wilson, head of debt syndication at Morgan Stanley In-

ternational. "Instead, we're headed for a record year in terms of issues."

last year's stock market crash, when major investors moved out of equities into fixed debt.

"There's sort of a residual benefit to the crash of '87 in that, in spite of interest rates going up, investors are looking at the bond market as a defense instrument and a lot of money is being committed," Mr. Wilson said.

Despite nearly record levels, however, the Euromarkets have slumped down, both in terms of employees and operators, in response to the new investor climate.

"There's not as many people coming into the business or being hired," Mr. Wilson said. "But we do have a better idea of what the economics of the business are."

While strict competition remains for deals, it is concentrated among fewer investment firms. A number of houses have focused on certain currency sectors and instrument types and become choosier about the deals they underwrite.

"The Japanese equity warrant market continued to trigger a lot of volume this year," observed Andrew Pelling, associate director of syndication at Nomura Securities in London. "Many Eurobond departments would not have been profitable without it."

So much so that a significant reshuffling in the league tables has taken place over the last two years, with mushrooming volume of equity-related debt and a strong yen driving the Japanese houses to overtake their European and U.S. counterparts.

While traditional Eurobond specialists like Credit Suisse-First Boston and Deutsche Bank remain in second and third place in the rankings, Nomura holds a significant chunk of the business, with an 11 percent market share as the primary book runner.

Continued on page 11



U.K. Equities Stay Sluggish

By Marybeth Nibley

LONDON — With high interest rates in Britain beckoning investors to satisfactory and safe returns from savings instruments, stock market investments have had a tough time competing over the past several months.

"The market as a whole is in a state of suspended animation," said Kenneth Inglis, the British strategist for London stockbrokers UBS Phillips & Drew. "Most investors know in their hearts that the market is cheap, but still they're worried."

Lingering doubts about the market's ability to stage a durable rebound have held back big investors from committing funds from cash hoards built up since equities took a nose dive in October 1987. Smaller

investors also have been reluctant to place faith in equities after last year's confidence-shattering episode.

Evidence of this wariness comes from analysis of the amount of liquidity held by institutional investors, such as pension funds and life insurance companies. Numerous estimates show institutions holding very high levels of cash by historical standards.

Randal Goldsmith of London-based broker James Capel & Company said that institutions currently have more cash on hand than at any time this decade. At 6 percent of aggregate capital assets, the liquidity level exceeds the average 5.3 percent held since 1980. Besides cash, he includes in his calculations holdings of gilts, which are British government bonds and considered cash equivalents.

Before last year's sell-off in equity

markets, British institutional investors were about 4 percent liquid, Mr. Goldsmith estimated.

Institutional cash balances now represent more than one year's cash flow, a rare occurrence that happened only once before, in 1974, according to Mr. Inglis.

Others offer similar observations about liquidity. Although the figures do not precisely agree due to different computation methods, they mostly support the same theory: Investors see the wisdom and comfort of having cash readily at hand or in some type of savings account.

Peter Spencer, chief economist for Britain at the London operation of Shearson Lehman Hutton, said that the market is "pretty well supported" by the liquidity while dividend yields

Continued on page 12

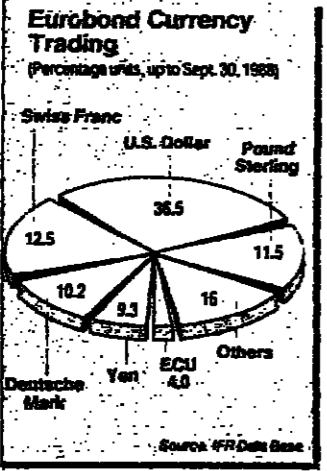
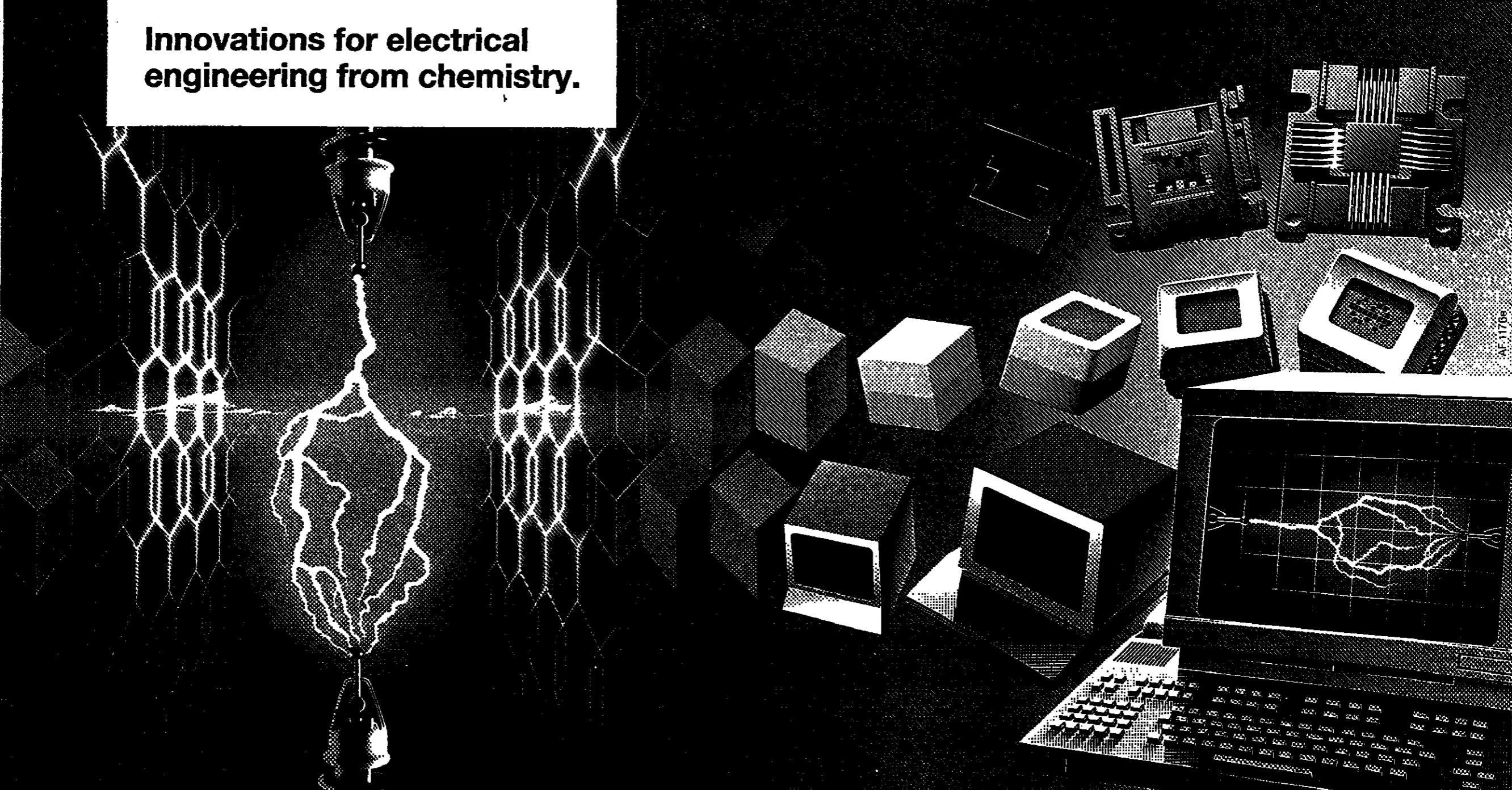


Table with columns for currency, volume, and percentage. Includes entries for U.S. Dollar, Swiss Franc, Pound Sterling, Deutsche Mark, Yen, ECU, and Others.

Table titled 'Yen Straight' listing various financial instruments and their corresponding values.

Equities Trading... Westf... stdeutsche Land...



Innovations for electrical engineering from chemistry. Clearly, the products of electrical engineering are in the forefront of progress. But new developments in the industry call for even greater innovation. Especially in the miniaturization of appliances, in the creation of components able to withstand extreme stresses and in the need for increased safety and cost-effectiveness in production. Which brings us to BASF. We are working with the industry to help meet its many challenges. For example, electrically conductive plastics will provide new stimuli in storage battery technology. And, conversely, chip carriers, produced from special polyamides, protect sensitive electronic components against electrostatic charges. Precisely the sort of innovation one has come to expect from BASF. For we have one of the world's most extensive ranges of plastics, and offer customized materials ranging from cable sheathing to appliance housings. Plastics are far from our only area of innovation, however. Case in point: computer keyboards. A new development in keyboard technology-LCD keys-provides access to as many as 40 character sets with a total of 4000 characters. Teamwork between the chemical and electrical engineering fields can spark the solution to problems faced by both. And we aim to be an important and innovative part of that world-wide team. BASF Aktiengesellschaft · D-6700 Ludwigshafen. The Spirit of Innovation. BASF

German Levy ■ Madrid Modernizes

Securities Tax Is Driving German Markets Abroad

By Edward Roby

FRANKFURT — Four years ago, West Germany abolished a coupon tax on domestic bonds purchased by foreign investors as an initial step in a wide-ranging program to liberalize the German capital market.

er than the current account surplus," the Bundesbank governor, Claus Kähler, told bankers and journalists at a Frankfurt gathering Oct. 18.

Lately, it has shifted to a U.S.-style auction system to set the interest rates for its securities repurchase agreements, its main money market steering instrument.

While the German government struggles for a clear policy on the withholding tax, a couple of steps are being taken to spruce up the appeal of the domestic bond market.

The government seems to be groping toward a new version of the coupon tax.

band, began slowing to an acceptable velocity in July as excess liquidity drained from the market.

Issuing activity in domestic bonds remained very weak with the market abandoned by all but public sector borrowers.

While net placement of DM Eurobonds in the first half of this year was double the year-earlier level at 16.1 billion DM (\$9.05 billion), domestic bond issuing activity went down sharply, according to statistics from Bayerische Landesbank Girozentrale.

German yields are low in international comparisons. This disincentive was compounded this year by the fact that the dollar appreciated against the mark from 1.58 DM on the last trading day of 1987 to 1.92 DM on Aug. 10, obliterating any notion of currency gains through investment in DM securities.

Thus, while Germans remained avid buyers of foreign securities, foreigners this year became net sellers of German paper. This led in the first seven months of 1988 to a whopping capital export of 60 billion DM.

detailed explanation of this possible change from the Finance Ministry. The crucial point, said Gerhard Müller-Wilderink, a Eurobond specialist with Berliner Handels- und Frankfurter Bank (BHF Bank), is whether this would amount to a type of coupon tax that would permit "coupon washing."

Theoretically, an investor could circumvent a coupon tax by selling his paper abroad just before the coupon date and buying it back afterward.

Whatever happens, mark-denominated paper is starting to look attractive again for its currency advantage because the dollar, which appreciated around 15 percent since the mark in the first eight months, has started to sink again.

While the German government struggles for a clear policy on the withholding tax, a couple of steps are being taken to spruce up the appeal of the domestic bond market.



Gerhard Stoltenberg

— nailed down the first six places. WestLB added a touch of glamor to the DM Eurobond sector at the end of October with the announcement of its solo lead management of a 100 million DM issue for Venezuela, that debtor country's first appearance in this market since the sovereign debt crisis struck six years ago.

A more just charge, in the eyes of financial analysts, was his labeling of the recently established stock exchange regulatory commission as interventionist.

It will oversee the replacement of the agentes by brokerage houses in which banks and other institutions will be able to own shares and supervise the introduction of computerized trading on a continuous basis.

EDWARD ROBY is the English-language editor of Vereinigte Wirtschaftsdienste GmbH, an economics news agency based in Frankfurt.

El Grande Bang Arrives in Spain

By William Chislett

MADRID — Like a new-born child, Spain's capital markets are being brought kicking and screaming into a new era of liberalization.

The antiquated stock market is being modernized; the new automated book entry system for trade in government debt is easing settlements and activating the secondary market and moves are under way to extend the foreign bond market.

El Grande Bang, as Spaniards call it, has finally arrived and the financial services industry is having to prepare quickly for the removal of barriers within the European Community after 1992.

A sign of the times is that most of Spain's agentes de cambio y bolsa, public notaries who collect a fixed commission on dealings in shares and stand to lose the most, are angered by the government's long-overdue reform of the stock market.

Enrique de Benito, the former chairman of the Madrid stock exchange, in October accused the Socialist government of "megalomania" over importing models for Spain's Bourse from more developed stock exchanges, such as London's and New York's.

A key issue to be decided is the minimum capital requirement for brokers and broker-dealers. According to unconfirmed reports, it

will be 750 million pesetas (\$6.5 million), rising in two years to 1 billion pesetas for brokers and 1 billion pesetas increasing to 1.5 billion pesetas for broker-dealers.

"This is a high entry price," said Aldo Olcese, chief executive of Iberagentes, one of the few independent financial services companies.

"The government wants to limit the number," Mr. Olcese fears that the high price will mean that the Spanish banks, already a powerful force in the economy, will end up controlling the new companies.

THE Madrid stock market continues to be one of the top performers among European bourses. After shedding 38 percent of its value in the month following Black Monday, the Madrid general index has climbed from its post-crash low of 200 to almost 300.

Spain's fixed-rate markets are also becoming increasingly attractive for foreign investors. After the pound sterling and the French franc, the Spanish peseta provides the highest real rate of interest in Europe.

Treasury bills are priced at a discount in line with market rates and are available in larger sizes than the Treasury notes which came on the scene in 1983 and are now the official instrument for laundering black money.

However, Spanish banks paying interest abroad have to retain 20 percent of any gains to cover domestic tax liabilities. This only became known in July when the first Treasury bills matured, to the fury of foreign investors who claimed they had been misled by the banks or the ministry.

The Economy and Finance Ministry is currently drafting plans for nonresident companies and states to issue peseta bonds for the first time, but officials are embroiled in a row over whether borrowers will be allowed to pay coupons gross. Finance officials want the extra revenue and economy officials are more liberal-minded.

The foreign bond market started in August 1987 when supranational organizations were allowed to make issues and with no withholding tax. Since then, there have been nine maturing bond issues totaling 103 billion pesetas for between five and 10 years.

A compromise solution of levying the tax only on issues made by nonresident companies with no interest in Spain — which probably means without a subsidiary — is being touted.

The ministry is talking of putting all purchases of financial assets by nonresidents on the same footing by making them exempt from withholding tax. If this is the case, then it makes little sense to levy the tax on bonds issued by nonresident companies and then remove it, bankers say.

The main beneficiaries of extending the foreign bond market would be the headquarters of foreign companies in Spain. They would be able to raise funds for investment more cheaply than their subsidiaries because their names are better rated.

As regards states, the Finance Ministry does not want to put them in the same tax-free category as supranationals because this would give them an edge over Spain which does not pay coupons gross on its own bonds to nonresidents. If it does, Belgium, for example, would be able to fund itself more cheaply in the Spanish market than the Spanish state.

WILLIAM CHISLETT is a Madrid-based journalist.

We open doors to capital markets.



Mainz Cathedral

Eurobonds Head for Record

Continued from page 9

market to churn out fixed-rate dollar and yen deals for a total market share to 25 percent.

Meanwhile, traditional U.S. leaders such as J.P. Morgan and Merrill Lynch have slipped to seventh and eighth place, respectively. And, in reality, Mr. Wilson said, "There's probably more capacity than is healthy in the market."

Japanese corporations have remained the hungriest borrowers in the Euromarkets, followed by U.K. companies. The volume of sovereign Eurobond issues, however, declined in comparison with the private sector over the last two years as many European governments have reduced their foreign borrowing requirements, partly through privatization programs.

The Austrian and Swedish governments and the French and Spanish utilities are among the busiest borrowers, although Credit Suisse-First Boston brought a record \$1 billion, five-year issue to market for the Republic of Italy.

Fears of rising interest rates have limited investor interest in shorter dated paper, with three- to five-year deals generally the most successful. Borrowers have also been evenly tapping into debt among all the major currencies and, with a larger interest in a minor currency, the Canadian dollar.

The yen market, overall, has been less healthy this year, although prestigious yen borrowers include the Republic of Ireland, Electricité de France and the Kingdom of Sweden. U.S. companies have been active borrowers this year, particularly in the Euro-dollar market, with IBM, Coca-Cola, Campbell Soups and Good-year Tire & Rubber among the corporations issuing new debt abroad.

While most issues remained of the plain vanilla type, currency warrants also made a comeback this year. Offered in conjunction with other securities as a sweetener, currency warrants give investors a

Table with 4 columns: Managing Bank Group, No. of Issues, Total (in U.S. dollars), Market Share (in percent). Lists top 10 issuers like Nomura, CSFB, Deutsche Bank, Daiwa, Nikko, etc.

hedge against currency volatility or provide a straightforward arbitrage opportunity for the issuer.

The floating rate note market also saw a revival of sorts with a batch of new issues led by the U.K. building societies.

The Euroequity market, however, has yet to rebound after last year's crash, with a slow recovery by issuers and investors. Volume is low for the first nine months of this year at \$4.9 billion, compared to \$21 billion for all 1987.

While last year's boom was driven by a number of large government privatizations, including British Petroleum and Société Générale, there have been few such deals in 1988.

This year, Goldman Sachs brought two privatization deals to market: a two-tranche offering worth \$284 million for Norsk Hydro of Norway and the two-tranche, \$247 million issue for Empresa Nacional de Electricidad of Spain.

Shearson Lehman Hutton brought a \$291 million issue for Safra Republic Bank of New York bank, while Drexel Burnham ran a \$265 million issue for Occidental Petroleum to market.

Following the crash, institution-

al investors around the world went on the defensive and moved into short-term paper, triggering a huge demand for new issues in the Euro medium-term note market, as well as Eurocommercial paper.

So far this year, 26 new medium-term note programs have been set up in the Euromarkets, led by a \$3 billion facility for Ford Motor Credit. Medium-term notes, however, can be disadvantageous for borrowers, who can never be sure how much money they will be able to raise and when.

So far this year, 151 new Euro-commercial paper programs have been set up, including a \$700 million program for the finance operation of Mitsubishi Corp. Unilever announced a sterling ECP program of unlimited size, while Chrysler Financial became the first U.S. corporation to set up a Euroyen CP program, for \$150 million.

"Our goal is to broaden our investor base," said Marilyn Cooper, the vice president in charge of the program from the auto arm's Detroit headquarters.

LINDA KESLAR is a financial journalist based in New York.

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Advertisement for Bayerische Vereinsbank AG, including contact information for various offices and a list of services offered.

NASDAQ National Market

Table with columns: Symbol, Bid, Ask, Last, Change, Volume. Lists various stock symbols and their market data.

Table with columns: Symbol, Bid, Ask, Last, Change, Volume. Continuation of NASDAQ market data.

Table with columns: Symbol, Bid, Ask, Last, Change, Volume. Continuation of NASDAQ market data.

Table with columns: Symbol, Bid, Ask, Last, Change, Volume. Continuation of NASDAQ market data.

Advertisement for 'Our big success story is our pocket diary: thin, flat and elegant.' Includes product image and contact information for the Herald Tribune.

Advertisement for 'THE BELLE EPOQUE IN THE PARIS HERALD' book. Includes an illustration of a bicycle and contact information for the Herald Tribune Book Division.

Handwritten text at the bottom center of the page: 'سكربتات الأصيل'

New International Bond Issues

Compiled by Laurence Desvillettes

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, Price and week, Terms. Includes entries for Fixed-Coupon (Shimizu Europe, Turkey, Union Bank of Finland, Copenhagen Handelsbank, Deutsche Girozentrale Int'l, Swiss Bank Corp. Finance, Europay Cool & Steel Community, ASUK-CGER Ilico, BACOB Finance, Ferrovie dello Stato, Halifax Building Society, Nestlé Holdings, Nordic Investment Bank, Bergen Bank) and Equity-Linked (Hitachi Construction Machinery).

Bond Market Fears Rise In Rates, Weak Dollar

By Carl Gewirtz

PARIS — Banking supervisors are planning to take a hard look at the recent moves by the state-owned Crédit Lyonnais and Banque Nationale de Paris to raise capital through the sale of perpetual subordinated floating rate capital notes.

Officials said the meeting at the Bank for International Settlements in Basel, Switzerland, early next month will focus on the question of whether the money raised — \$350 million for Crédit Lyonnais and \$400 million for BNP — ought to be considered Tier 1 capital.

U.S. CREDIT MARKETS

employment numbers the Fed is going to hike the discount rate, said Jonathan Greenspan, chief government securities trader for Aegis Capital Management Corp. The next U.S. job numbers are due out in early December.

CANADA: Bond Holders Nervous

(Continued from first finance page) Another cause for bond markets to worry about an opposition victory is fiscal policy. Ms. Edwards said the Liberals have pledged not to increase the budget deficit — running at an estimated 4.9 percent of gross domestic product — when they return to power, but investors are skeptical because of the party's previous record, she added.

EUROBONDS: Outlook for Dollar is Still Unclear

(Continued from first finance page) agreed that Swiss investors currently are the biggest buyers of ECU paper. The issue is not guaranteed by the parent Swiss firm, but if its holding in this U.S. subsidiary ever falls below 51 percent, investors can request immediate redemption.

Changes in the application of next year's withholding tax on domestic bonds has resulted in a decline in the yields of domestic paper and a rise in the yields on the less liquid Eurobonds.

Further roiling the reception was the stinginess of the terms. Bankers said the issue was put out for competitive bidding and the borrower wanted to achieve a swap into floating-rate Deutsche marks at a cost of 40 basis points over Libor.

Franchisees Reject Spin-Off Of Burger King

CHICAGO — A group representing franchisees of Burger King Corp. has formally rejected Pillsbury Co.'s plan to spin off the restaurant unit. The Minneapolis-based Pillsbury had lobbied the group's leaders to gain support for a plan under which Burger King would be spun off and millions of dollars would be borrowed to pay a special dividend to shareholders.

Two Bids Are In as RJR Nabisco Deadline Passes

NEW YORK — One stage in the largest corporate auction in history wound up late Friday when the bidders for RJR Nabisco Inc. submitted voluminous documents near the deadline for bids.

The RJR Nabisco executives were believed to have amended their bid to include a higher percentage of cash, some sources said. The bidders sent lawyers to deliver the bids at the office of Skadden, Arps, Slate, Meagher & Flom. The firm represents a special committee of RJR Nabisco board members that will be evaluating the bids.

People with knowledge of the situation said that both bids were worth more than \$92 a share. The special board committee was scheduled to meet Sunday to hear the evaluations of the proposals from their financial advisers. The full RJR Nabisco board was scheduled to meet Monday, but that meeting was advanced to Sunday.

which include Oreo cookies, Ritz crackers and Shredded Wheat cereal. RJR Nabisco also owns Del Monte, a maker of canned fruits and vegetables. Several major consumer products companies have said they might be interested in bidding on the food assets.

Head of FDIC Warns About Buyouts' Effect

PALM BEACH, Florida — The growing popularity of leveraged buyouts has had an alarming effect on total U.S. corporate debt levels, according to the chairman of the Federal Deposit Insurance Corp. L. William Seidman told a group of bankers meeting in Palm Beach that if the United States has an economic downturn like the recession of 1974, 10 percent of 1,500 companies surveyed by Princeton University could go bankrupt because of unserviceable debt.

To begin with, they fear that each time a new scheme is allowed to expand the narrow definition of core capital, further innovations will be encouraged and the focus on equity capital will erode. Supervisors are quite keen to preserve the integrity of Tier 1 capital, an official said. "Once you set a standard, it's natural for everyone to try to find a way around it, but it's only a standard if you stop the cheating."

A second objection from the supervisors is concern that a proliferation of such paper will wind up in the portfolios of other banks. The Bank of England has established quite tough regulations requiring any bank in its jurisdiction to reduce from its own equity the amount of capital notes held in its portfolio that were issued by other banks. The aim is to prevent a potentially dangerous pyramiding of bank capital.

Brazilians Said to Restrict Debt-to-Bonds Conversion

SAO PAULO — Brazil will restrict the conversion of foreign debt into bonds for six months, a business official said Saturday. Roberto Della Manna, head of the Federation of Industries of São Paulo State, said the government would act to slow expansion of Brazil's money supply and thus its galloping inflation rate.

The agreement, planned to come into force in January, has been blocked by the Liberal-controlled Senate. The agreement could lead the bank to invalidate the agreement and cut off a \$5.2 billion line of credit. The agreement, reached earlier this year, provides lower interest rates on some of the debt, and extended repayment time.

TYSON ENDS BID FOR HOLLY

WASHINGTON — Tyson Foods Inc. has let its \$52-a-share hostile tender offer for Holly Farms Corp. expire without taking further action, apparently signaling its withdrawal from a battle for the Memphis concern, a rival poultry producer.

The expiration Friday of the Tyson bid, valued at \$920 million, was seen as a victory for Holly Farms, which agreed to be acquired by ConAgra Inc. in a stock swap to avoid acquisition by Tyson. Under the agreement, Holly Farms shareholders will receive no less than 1,875 and no more than 2 shares of ConAgra's stock for each Holly Farms share.

Advertisement for Northwest and American Express. Includes text: 'TOGETHER WE GIVE YOU SO MUCH MORE OF AMERICA', 'Northwest and American Express. The only names a traveller needs to know when visiting America.', 'LOOK TO US @ NORTHWEST AIRLINES', and 'Cards'. Also includes a table of flight routes and a small table with columns: Investment, Profit Potential, and Risk.

Bottom-most advertisement section containing various small notices, including 'Cards' and 'To apply for Cardmembership, please pick up an application form from any Northwest office.'

NASDAQ National Market

OTC Consolidated trading for week ended Friday. Table with columns for Sales in 100s, High, Low, Close, Chg, and Net.

Table with columns for Sales in 100s, High, Low, Close, Chg, and Net. Contains various stock listings.

Table with columns for Sales in 100s, High, Low, Close, Chg, and Net. Contains various stock listings.

Table with columns for Sales in 100s, High, Low, Close, Chg, and Net. Contains various stock listings.

American Exchange Options

Table with columns for Option & price, Calls, Puts. Figures as of close of trading Friday.

Table with columns for Option & price, Calls, Puts. Figures as of close of trading Friday.

Table with columns for Option & price, Calls, Puts. Figures as of close of trading Friday.

Table with columns for Option & price, Calls, Puts. Figures as of close of trading Friday.

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Form with fields for Name, Address, Postcode/Town, and a checkbox for 'Send me literature about the CS MONEY MARKET FUND'.

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Large financial table containing Wall Street Review, NYSE Most Actives, AMEX Most Actives, NYSE Sales, AMEX Sales, NYSE Dividends, and AMEX Dividends.

Euromarts At A Glance

Table with columns for Country, Currency, and Rate.

European Yields

Table with columns for Country, Term, and Yield.

Weekly Sales

Table with columns for Market, Sales, and Change.

Libor Rates

Table with columns for Rate, Term, and Location.

Handwritten Arabic text at the bottom center of the page.

WORLD STOCKS IN REVIEW / Via Agence France-Press

Amsterdam

The Amsterdam Stock Exchange was in a somber mood last week. Prices held initially, but later in the week they came under pressure, and the ANP-CBS general index fell 2.3 points to 269.5. Volume totaled 5,015 billion guilders, down from 6,413 billion the previous week.

Despite excellent results posted by Unilever and encouraging U.S. trade figures, Dutch shares slipped. There was no stimulus from the bond market, as attention focused on the West German bond market due to proposed changes in the withholding tax.

As only massive intervention seems to prevent a much weaker dollar, the Dutch share market will remain fundamentally weak, the brokerage Kempen & Co. said.

Frankfurt

The stock market showed strength during the trading week, which was only four days because of a holiday on Wednesday.

The Commerzbank index finished the week at 1,592.3, up from 1,566.2 the previous Friday. But the turbulence associated with the weak dollar turned some investors away and lowered volume for the week to 12.19 billion DM, from 14.14 billion the previous week.

Auto stocks were popular and moved higher. BMW rose 7 to 524 DM, Daimler-Benz was up 11.20 to 744.20, and Volkswagen gained 14.58 to 316.50 after announcing higher earnings for the third quarter. Chemical stocks were also strong, especially Hoechst.

Siemens, involved in a joint takeover bid for Plessey, finished at 477.50, up 8.70. Nordorf rose against the trend after pessimistic earnings forecasts for the year, plunging 25.20 to 378.50.

Hong Kong

Stocks in Hong Kong steadied, following leads from overseas markets, but finished little changed.

The Hang Seng Index shed 2.58 points to end the week at 2,581.16, while the broader based Hong Kong Index gained 0.15 point to close at 1,702.94.

Volume rose to a daily average of 659 million Hong Kong dollars, up from about 526.4 million dollars the previous week.

Both indices responded to downturns on Wall Street and had setbacks Monday, with the Hang Seng dropping 45.75 points and the Hong Kong shedding 29.62 points. They recovered most of the losses Tuesday when dealers followed gains in Wall Street and Tokyo.

London

After falling early in the week, the London market finished higher.

The Financial Times 100-share index closed at 1,823.4, up 20.7 points for the week. The Financial

Times industrial share index ended the week 27.8 points higher than the previous week's close, at 1,489.0.

Gold mining shares led ground, and government bonds ended marginally lower.

A steadier dollar, brought on by intervention by major central banks on Thursday, encouraged the upward trend.

Shares benefited from intense takeover activity. The electrical group Plessey leaped after the announcement Thursday of a joint takeover bid by General Electric Co. and Siemens.

The brewers Allied Lyons and Lorrho were also higher after contradictory rumors concerning the intentions of the Australian businessman Alan Bond.

Shares in the publisher William Collins rocketed when the firm became the object of a takeover bid by News Corp.

Milan

Stocks moved lower in slightly heavier and nervous trading.

The Comit index finished at 579.64, down from 591.68 the previous Friday. Daily volume averaged 235 billion lire, compared with 200 billion lire the previous week, and 55 million shares a day.

Leading shares lost ground, except for Generali, which rose by 1.3 percent. Pirelli SpA dropped by 5.2 percent, Montedison fell 4.7, CIR slid 4.4, Ferrini was down 4, and Olivetti sank 3.5 percent.

Fiat was off 2.9 percent, and Ferruzzi Agricola by 2 percent. Mediobanca, 13.3 percent of whose capital is to go on the market, dropped 2 percent.

Paris

Stock prices were generally steady last week. The CAC index ended the week at 392.6, down 0.8 percent.

Traders had hoped the index would reach the psychologically important level of 400, but analysts said investors had a wait-and-see attitude after the election of George Bush as the next U.S. president and because of the latest assault on the dollar.

The Bourse was depressed by the downturn on Wall Street, but the strong performance of the French economy helped them to major declines.

Singapore

Share prices continued to slide in lackluster trading.

The Straits Times Industrial Index closed Friday at 991.37 points, a loss of 23.66 points for the week. A total of 80.1 million shares worth 184.7 million Singapore dollars changed hands this week. Average daily volume was 15.9 million units, up slightly from last week.

Continued selling and lack of institutional support dominated trading.

Dealers said news of the republic's 11.8 percent annual economic growth rate for the first nine months of the year and bright prospects for the remaining three months failed to boost sentiment.

City Development Warrants was the most active stock, although volume was only 3.3 million shares. It was followed by Sime Darby with 3.2 million. In third place was DBS, which saw 2.3 million shares change hands.

Tokyo

Share prices soared on the Tokyo Stock Exchange last week. The key market indicator, the Nikkei stock average, finished at a record 29,180.20 yen on Friday, up 690.63 from a week earlier.

The average topped the 29,000 level for the first time Thursday, finishing at 29,076.81.

The Tokyo Stock Price Index chalked up a 39.14-point weekly gain, finishing at 2,252.11 Friday.

Trading was moderate, with an average of 992 million shares changing hands a day, down from a daily average of 1,027 billion shares the previous week.

But the value of stocks traded rose to 1.28 trillion yen a day on average from 1.06 trillion yen, indicating that trading centered on high-priced stocks.

Many individual investors returned to market as a tax reform bill on which Japanese Premier Noboru Takeshita had staked his future passed the lower house Wednesday. Individual investors had adopted a wait-and-see attitude towards the bill, which included a capital-gains tax.

Commenting on the rally of high-technology electrical stocks, a dealer said that investors seemed to be after margin profits, buying back electrical issues they had sold previously.

Zurich

Stock prices ended mixed in a week dominated by trading in Nestlé shares.

For the market as a whole, the Credit Suisse index rose to 501.8 from 487.6 at the end of the week, while the Swiss Bank Corp. indicators slid to 542.4 from 546.3.

Nestlé shares fanned in Zurich trading after the firm's announcement on Thursday that it was opening its registered shares to foreign investors.

Those shares jumped from 4,320 Swiss francs to 6,070 francs on Friday, while bearer shares plunged by 20 percent to 6,950.

Banks moved lower on the week. Swiss Bank Corp. was down 26 points to 360. Financial companies were also off slightly, such as Electrowatt, which lost 50 to 2,750.

In the insurance sector, Compagnie de Reassurance bearer stock lost 2,000 francs to 10,700, while the firm's registered stock gained 600 to 6,900.

WALES: Ford's Billion-Dollar Investment Raises High-Technology Hopes in Bridgend

(Continued from first finance page)

activities of a group of Welsh nationalists that has carried out a sporadic arson campaign against holiday homes of Englishmen and other "foreigners" in the north of the country, as well as real estate offices and some shops.

But such nuisances are the least of the region's concerns. Observed Geoff Wright, business editor of the Cardiff-based South Wales Echo, the leading regional newspaper: "There's a helluva lot going on, with Ford and other foreign investment coming in. But it would be wrong to say that a boom is spreading through Wales."

"The reality," he said, "is that pockets in South Wales are doing very well. But when you go deep into the valleys, things haven't improved that much."

Britain's Welsh Office, based in Cardiff, the capital of Wales, has cash at the ready to lure both domestic and foreign investment.

The office, a branch of the national government, is providing £26 million in start-up grants to Ford, which last month said it was investing £725 million to build the highly automated engine plant in Bridgend that would export more than 60 percent of its production to continental Europe when operations begin in 1991.

Ford picked the Welsh site, where it already has a major motor plant, over alternatives in Valencia, Spain and Cologne, West Germany.

Viv Thomas, mayor of Ogwr Borough that includes Bridgend, said: "An investment of this size by Ford is very important for the borough. It's a resounding vote of confidence in the south Wales work force."

The Welsh Office is hoping that Ford's huge investment and the turnaround at British Steel's Port Talbot plant will indeed be interpreted as a vote of confidence by other major multinationals considering establishing or expanding operations in the area.

"It's not just Ford," said Peter Walker, Britain's Welsh secretary in an interview in Cardiff.

"Sony, Panasonic and other Japanese companies are doubling their investment in Wales," he said. Sony and Ford, which established operations in Bridgend in the 1970s, have been the town's largest private employers.

Mr. Walker, who has held influential cabinet posts in Prime Minister Margaret Thatcher's Conservative government since it came to power in 1979, has managed to extract higher levels of financial support from London for investment in Wales at a time of increased government austerity.

Mr. Walker said his budget for regional industrial aid for the 1989-90 fiscal year is £270 million, representing a 51 percent increase over the past two years.

According to the Cardiff Cham-

ber of Commerce, Japanese firms led the wave of foreign investment in Wales last year. The University of Cardiff, noting the influx, announced it would establish a Center for Japanese Studies early in mid-1989 with aid from the private sector; this would be the first such center in Wales.

New Japanese investment in south Wales includes a venture linking Onuma Co. and Sumitomo Electric Co. for the manufacture of wiring harnesses for computer chips; the establishment of a Mitsubishi subsidiary, Diaplastic, producing television components and electronic office equipment; and the opening of plant by Star Micronic, a midsize company that makes computer printers.

David Jenkins, financial control-

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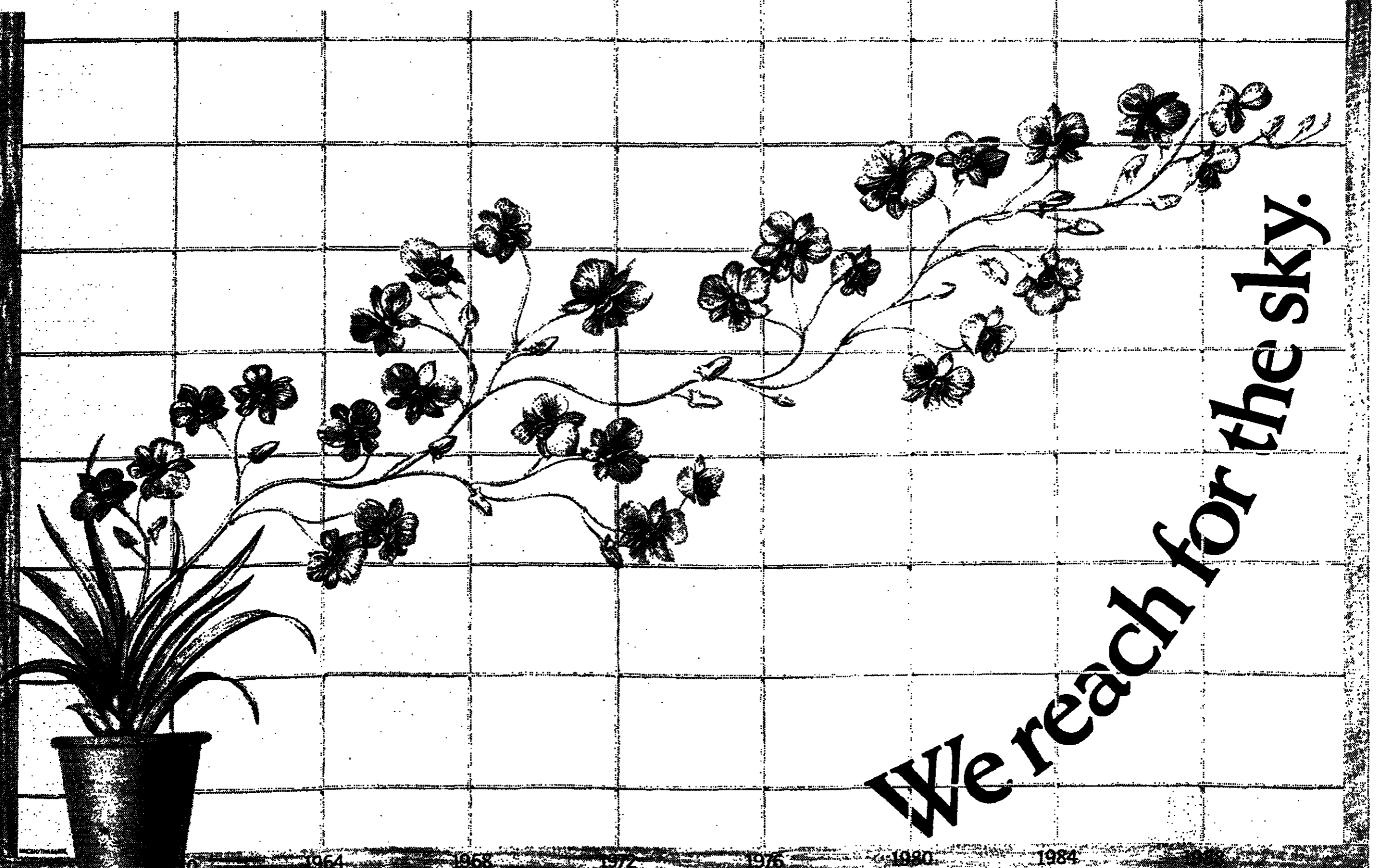
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David Jenkins, financial control-

Chicago Exchange Options table with columns for Option & price, Calls, Puts, and various stock symbols like ABC, DEF, GHI, etc.

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50 YEARS AGO... would not be tolerated if they... a foreign country, and the... anguish how the Crown... its own dominions. The... South Africa number... whom 133,000 are in... South African Union is... ing domination. The... ment has no authority...

1938: The Need... NEW YORK — Mrs. Franklin D. Roosevelt today (Nov. 20) spoke to the New York Times... American Association of... Women to use their... and to use their... seeking solutions of... said, merely to "hear... breaks of Fascism and... here and to try to... force. Instead, the... shared, women must... such social evils as... which create unrest and... breeding grounds for...

MONDAY SPORTS

Bills Clinch Title By Beating Jets, 9-6

The Associated Press. ORCHARD PARK, N.Y. — The Buffalo Bills clinched the AFC East title on Sunday for the first time since 1980 by beating the New York Jets 9-6 in overtime on Scott Norwood's third field goal.

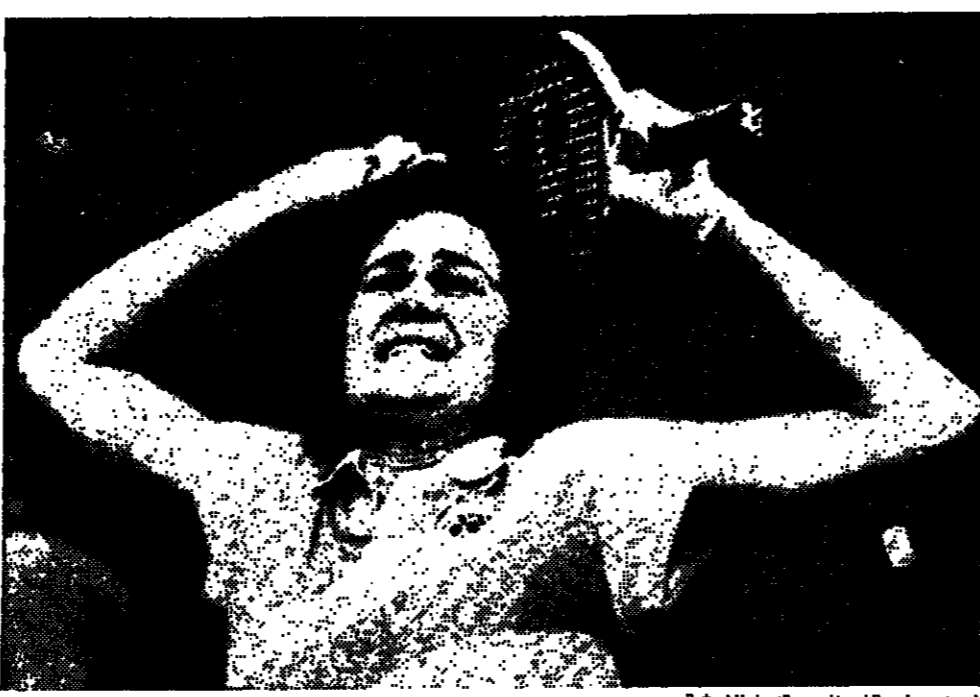
NFL ROUNDUP

roughs forced a fumble by the Jets' Roger Vick at the New York 32. The Bills ran four plays before calling on Norwood to win the game. Buffalo's seventh straight. The Jets had a chance to win in regulation play, but Pat Leahy's 40-yard field goal attempt with 25 seconds left was blocked by nose tackle Fred Smerlas.



In rainy Norman, Oklahoma, Nebraska's defense gave up 137 total yards and Oklahoma was denied a TD for the first time in 62 games.

Ailing Graf Loses to Shriver, Ending a Winning Streak at 46



Pam Shriver, after standing sentry at the net and "concentrating as hard as I've ever concentrated."

By Robin Finn. NEW YORK (UPI) — The invincible one has been felled by a common cold and an uncommon performance by Pam Shriver.

Shriver stood sentry at the net on Saturday and achieved a 6-3, 7-6, victory in the semifinals of the Virginia Slims Championship, stopping Steffi Graf's winning streak at 46 matches.

Shriver's shots were a pale version of the real thing. Suffering from the cold she caught earlier in the week, her backhand slice lacked its usual punch, often failing to clear the net.

Notre Dame Romps; West Virginia, USC Win to Keep Pace

United Press International. SOUTH BEND, Ind. — In one of the roughest matchups on a day featuring many of the football's traditional rivalries, Notre Dame moved within two games of its first national title in 11 years and sent Penn State to its first losing season in 50.

COLLEGE FOOTBALL

California this week and No. 4 West Virginia on Jan. 2 in the Fiesta Bowl, which made its invitations along with the other postseason bowls (see Scoreboard).

SCOREBOARD

Table with columns for Soccer, Football, Basketball, and Hockey. It lists various sports events, teams, and scores.

TRANSITION

BASEBALL. American League. CHICAGO—Purchased the contracts of Jeff Davis, Rich Rodriguez, Wayne Edwards and Greg Hibbard, pitchers, and Mark Davis, outfielder, from the Pacific Coast League.

RUGBY

The Big Eight. Last 19 Tests Among the Eight. W D L Tries. 1. New Zealand 9 1 0 32. 2. France 6 0 4 14.

FOOTBALL

Table with columns for U.S. College Results and NBA Standings. It lists college football games and NBA team rankings.

BASKETBALL

Table with columns for Eastern Conference, Central Division, Western Conference, and Midwest Division. It lists NBA game results and team standings.

HOCKEY

Table with columns for NHL Standings, Eastern Conference, and Western Conference. It lists NHL team rankings and game results.

UPDATE

ew Ordered in US. saying he was "deeply disturbed" by a letter carrying President Ronald Reagan's message in October.

Bowl Schedule

Table listing various bowl games, including the Cotton Bowl, Fiesta Bowl, and others, with dates and locations.

TENNIS

Table listing tennis tournaments, including the Wimbledon Ladies' Singles and the Wimbledon Men's Singles.

Another Hurdle Looms For Tyson-Bruno Fight

By Phil Berger. NEW YORK — Is Mike Tyson's Jan. 14 heavyweight championship bout with Frank Bruno still on?

Future Talks

less said Sunday that after the general Czeslaw Kiszczak, there are talks have not even been the slightest.

Wins in Sri Lanka

Commission said that returns from a plan — the Eelam People's Liberation Front — dominated the panel's 71.

Prime Minister

y will choose a new prime minister. Its parliament will meet to endorse a unemployment.

Ariane Spy Charge

French government has decided to drop earlier. Justice Minister reformed Parliament, reportedly.

Minister's Plane

Defense Minister Abdel-Magid was hit by a rebel-fired missile in a saying that he remained committed.

Attack to Step Up

French government has decided to drop earlier. Justice Minister reformed Parliament, reportedly.

Minister's Plane

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Attack to Step Up

French government has decided to drop earlier. Justice Minister reformed Parliament, reportedly.

LANGUAGE

12 Years After 'Roots,' Haley Tries a Novel

PARIS—It has been 12 years since Alex Haley published a book. The book was "Roots," which was translated into 137 languages, was watched by 30 million viewers as a television series, and won Haley the Pulitzer Prize and National Book Award.

MARY BLUME Lion viewers as a television series, and won Haley the Pulitzer Prize and National Book Award. Haley is low-keyed as celebrities go, a series of benign circles with his gold-rimmed glasses, round face and rich, encompassing voice. He wears a maroon wool shirt and carries a briefcase which he puts at one point, saying that carrying "Roots" in it is like carrying a passport. Even on the flight the night before New York there were autograph hunters.

'A Different Kind of Christmas' was born of his research for 'Roots' on the slave freedom 'railroad.'

thinking about the time I was sitting in a basement in Greenwich Village praying that some publisher would pay attention to me. "Roots," he says, hit a chord without his expecting it. "Everybody in the world has a family, lots of people began to search. I've had so many experiences with how that book sticks in people's ears. Normally with a book that was done 12 years ago, you would forget about it. 'Roots' is very much alive.

college after two years to join the Coast Guard in 1939, it was for the very middle class reason that his father, unhappy with Alex's low marks, thought a short stint in the service would mature him.

thought that maybe there was something for me in writing. Haley still does his writing on ships, accompanied on long freighter journeys (the next one will leave from Helsinki in April) by his longtime researcher, George Sims. He is a gentle man, and an optimist, because, he says, he has a lot to be optimistic about.



Author Haley in Paris to promote his first book since "Roots."

A New Vogue for 'People of Color'

WASHINGTON—That's the most adorable little colored girl playing outside," observes a woman in Berke Breathed's comic strip, "Bloom County." "Colored? You're saying 'colored people' in 1988?" asks her socially sensitive son. "You know better, Ma. He suggests they agree to use the new-age term 'people of color.'" Ma accepts that, and says, "People of color. Colored people." The son blows his stack.

First to colored people. If black has become the preferred term, why does the National Association for the Advancement of Colored People hold on to its name? According to James Williams, an NAACP spokesman, who must be asked this often: "Times change and terms change. Racial designations go through phases; at one time Negro was accepted, at an earlier time colored and so on. This organization has been in existence for 80 years and the initials NAACP are part of the American vocabulary, firmly embedded in the national consciousness, and we feel it would not be to our benefit to change our name."

studies program at Boston University, but the citation is not at hand. "It was probably used earlier than that, however. It later became an attempt by the free black community to dissociate itself from the Africans, and was replaced during the 1920s when Negro became the militant word to use. You will probably find people of color rooted in French."

Perhaps the association of free with the phrase people of color gave the phrase its positive connotation; speculation aside, today people of color is not received by most blacks while colored people is not.

One of his respondents, E. Allison Dittus of East Hartford, Connecticut, said, "I find the phrase people of color both graceful and euphonious. It is an old-time phrase used by both older blacks and whites as a dignified term for non-whites. I vote to leave minorities to the newspapers and keep people of color as a beautiful and descriptive folk idiom."

THE Hearst editor observed to his electronically linked panel that "Afro-American, in vogue a few years ago, never made it, as the connotation of most present-generation American blacks to Africa is virtually nonexistent." When he wondered what the opposite of people of color was, Daniel J. Ellsworth of Easton Rapids, Michigan, replied, "People not of color? Colored? White? Caucasian?"

Advertisement for interdean International Moving Services, featuring a table with columns for 'MOVING' and 'ANNOUNCEMENTS'. Includes contact information for Paris (1) 30249000.

Large advertisement for 'INTERNATIONAL CLASSIFIED' with multiple columns of listings for real estate, employment, and other services. Includes sections for 'REAL ESTATE FOR SALE', 'REAL ESTATE TO RENT/SHARE', and 'EMPLOYMENT'.

Advertisement for 'THE COBURG HOTEL' and 'ACCESS VOYAGES'. Features a table of flight prices for various destinations like New York, Los Angeles, and Tokyo.

Advertisement for Chopard Genève watches. Features a large image of a 'LUNA D'ORO SPORT' watch and text describing its technical specifications and availability worldwide. Contact information for Chopard & Cie S.A. is provided.

A collection of various classified advertisements including 'International Business Message Center', 'BUSINESS OPPORTUNITIES', 'CAPITAL WANTED', 'OFFSHORE COMPANIES', and 'AVIATION'. Each section contains detailed text for specific offers and services.

A vertical advertisement for 'صيانة الأصل' (Maintenance of the original), featuring a stylized logo and contact information.